

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
FILED
NEWARK, NJ

In re: G-I Holdings Inc., et al., Debtors.	06 DEC 12 AM 11:10 Chapter 11 JAMES J. WALDRON BY: [Signature] Hon. Rosemary S. Suddarth, U.S.B.J. Case Nos. 01-30135 (RG) and 01-38790 (RG) (Jointly Administered)
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Objection of the Seaboard Group II to Adequacy of Notice Pursuant to 11 U.S.C. § 102(1)(A) and Request for Proper Notice of Motion of G-1 Holdings, Inc. Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code § 363 for an Order Approving Settlement Agreement and Authorizing the Sale of Insurance Policies Free and Clear of Liens, Claims, Interests and other Encumbrances

(No Hearing Requested)

NOW COMES the Seaboard Group II, an unsecured creditor in the above-captioned case, and objects to the adequacy of the notice of the settlement of certain environmental insurance coverage claims and the sale of certain liability insurance policies free and clear of liens pursuant to 11 U.S.C. § 363(f) proposed by G-I Holdings, Inc. by Motion dated October 11, 2006.

Seaboard Group II is a group of potentially responsible parties overseeing the environmental remediation of the former Seaboard Chemical Corporation hazardous waste facility in Jamestown, NC known as the Seaboard Site. Seaboard Group II is informed and believes and therefore alleges that pursuant to certain insurance policies, the debtors allege in an environmental coverage action pending in the Superior Court of New Jersey that the insurers must provide coverage for environmental defense and indemnity costs related to various hazardous waste sites. Seaboard Group II is further informed and believes and therefore alleges that the policies at issue in the environmental coverage action in New Jersey Superior Court offer coverage for claims arising from the Seaboard Site.

Seaboard Group II objects to the notice of the proposed settlement on the grounds that creditors have not been given adequate information regarding the proposed compromise as required by 11 U.S.C. § 102 and Bankruptcy Rule 9019. The terms of the settlement are said to be confidential, and Seaboard Group II and similarly situated creditors are provided essentially


no meaningful information regarding the Settlement Amount or the Allocation Analysis. No information is provided to support the "Policyholders'" allocation of the Settlement Amount 44.6% to G-I and 55.4% to ISP. Neither the Committee nor the Legal Representative, who are being provided with the confidential information under a confidentiality agreement, adequately represents the interests of Seaboard Group II. For its part, Seaboard Group II has made demand for more specific information (see attached Exhibit A) but has not yet been provided with that information. Failure to provide essential settlement information to Seaboard Group II or to a party that adequately represents its interests is fundamentally unfair. "Notice is the cornerstone underpinning Bankruptcy Code procedure" Under the Code . . . the trustee must ensure 'parties in interest' adequate notice and an opportunity to be heard *before* their interests may be adversely affected." *Western Auto Supply Co. v. Savage Arms, Inc.* (In re Savage Indust., Inc.), 43 F.3d 714, 720 (1st Cir. 1994) (emphasis in original). G-I Holdings has utterly failed to meet its burden of notice because the filing of the settlement documents under seal without even a summary of their content is no notice at all.

The Seaboard Group II is being denied the information it needs to determine whether the proposed settlement is fair and reasonable. Moreover, if any settlement proceeds are to be paid for defense and indemnity costs related to the Seaboard Site, Seaboard Group II is entitled sufficient information to determine whether the proposed settlement amount is fair and reasonable and to know how the proceeds of the settlement may be applied to reduce the allowed claim of the Seaboard Group II in the above captioned case.

WHEREFORE, Seaboard Group II objects to the adequacy of the notice of the proposed settlement and requests that the court deny approval of the proposed settlement until such time as creditors are provided with proper notice pursuant to 11 U.S.C. § 102(1)(A) and Bankruptcy Rule 9019(a).

This the 11th day of December, 2006.

MAUPIN TAYLOR, P.A.

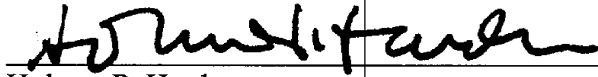


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CERTIFICATE OF SERVICE

I, Holmes P. Harden, do hereby certify that the foregoing Objection was served upon all parties of record by mailing a copy thereof to their counsel of record at the addresses indicated below with the proper postage attached and deposited in an official depository under the exclusive care and custody of the United States Postal Service in Raleigh, North Carolina, on the 11th day of December, 2006 and by Federal Express.

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